Price of Gold

181. SMT. CHANDRIKA ABHINANDAN JAIN: Will the Minister of FINANCE be pleased to state:

(a) whether the price of gold is higher in India as compared to the international market;

(b) if so, the reasons therefor; and

(c) the steps taken by Government to bring down the price of gold in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) Yes, Sir.

(b) Since the domestic production of gold is negligible, the demand for gold is met by the international market. Under the gold import scheme, apart from import duty, the importer has to incur the cost of transportation, marketing etc. and the local trade also adds its profit margin.

(c) Gold is imported under the liberalised scheme of gold imports since March 1992, Further, gold is also permitted to be imported under freely transferable special import licences. Because of these steps, the domestic price, which was higher than the international price by over 50 per cent prior to the gold import scheme, has declined and the price difference is now around 21 per cent.

Power purchase agreement with foreign companies

182. SHRI NILOTPAL BASU: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a consultant has been appointed by the Finance Ministry in London to help Government stipulate the parameters of the Power Purchase Agreement (PPA) with foreign power companies.

(b) if so, the details thereof; and

(c) what will be the role of the Central Electricity Authority (CEA) which is a constitutional set-up to make techno-economic appraisals of power projects?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) M/s. Vanguard Capital of London had been engaged as a Consultant by Ministry of Finance to advise on the following issues:—

(i) The criteria for determining the acceptability of the PPAs i.e. the tariff levels and risk allocation provisions.

(ii) Principles and Processes to be adopted by GOI/States in negotiation of PPAs.

(iii) The scope of GOI Counter Guarantees.

(iv) Government of India requirments in respect of States/SEBs obligation in the PPA.

The Consultant has submitted a report titled "Princip'es to be adopted in negotiating PPAs for Indian Private Power Projects". The report in one of the inputs used in determining Government policy regarding the acceptability of Power Purchase Agreements for purposes of issuing counter guarantees. It has been forwarded to the Ministry of Power and all State Governments for information and comments.

(c) The C.E.A. is a Body constituted by the Central Government under Section 3 of the Electricity Supply Act, 1948 and governed by the relevant clauses of the said Act. The Authority, inter-alia, carries out the techno-economic appraisal of the project reports in respect of setting up of power generating stations in the country and issue techno-economic clearance for projects. The role of the Consultants is not in conflict with the Statutory Role of the CEA in this regard.